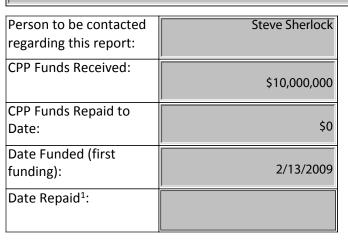
ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

(include Holding company where	- пррпсавіс
ColoEast Bankshares, Inc.	



RSSD:	
(For Bank Holding Companies)	2146359
Holding Company Docket Number:	
(For Thrift Holding Companies)	
FDIC Certificate Number:	
(For Depository Institutions)	3027
City:	
	lamar
State:	Colorado
	Colorado

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP). To answer that question, Treasury is seeking responses that describe generally how the CPP investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP investment was deployed or how many CPP dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP funds were outstanding).

	The introduction of CPP funds has allowed the bank to remain nearly the same in total loans over
	the last 12 months (\$530 million 2-09 vs \$529 million 3-10) while providing us with the Capital to
	grow the bank through core deposits which dramatically decreased our liquidity exposure.

¹If repayment was incremental, please enter the most recent repayment date.

increased lending, please describe the	Although we reflect no gain in loan volume, the CPP strengthened capital allowing us to shift funds from problematic Commercial RE loans into residential mortgages and agricultural loans from a failed bank's loan portfolio within our trade area.
etc.).	The CPP funds added additional strength and stability to our capital allowing the bank to realize gains in the MBS investments further adding to the capital strength of the bank and reinvest in a shorter maturity ladder of Agency investments to fund future loan demand as the economy improves.
	No other investments have been made at this time however, the CPP funds provide us with the potential to merge another bank should one become available within our footprint.
 assets	As capital is strengthened, the ability to remove additional income from earnings to loan reserves not only becomes easier to accomplish but also a strong business move. We were able to increase loan loss reserves by nearly \$2.5 million thus providing for additional loss reserves if called upon.

Reduce borrowings	The CPP funds allowed us to accept additional core deposits which were leaving Wall Street and coming back to our trade area. This increase in deposits provided funds to reduce our wholesale borrowings to nearly zero and improved our liquidity which contributes greatly to a sound bank.
Increase charge-offs	To date we have not had a need to increase charge-offs above our earlier projections however, our increase to the loan loss reserve through a shift of earnings to cover market driven loan impairments
Purchase another financial institution or	was made possible by a stronger capital position which resulted from the CPP funding.
	The CPP funding has positioned our bank as a potential purchaser of banks within our footprint should the opportunity arise. With this additional capital, a problem bank might now be merged
purchase assets from another financial institution Held as non-leveraged increase to total	without liquidation thus preventing an area bank closure and retaining the merged bank's capital. We have elected to leverage the CPP funds as described above primarily to position ourselves for an
capital	increase in loan demand as it occurs in this recovering economy.

What actions were you able to avoid because of the capital infusion of CPP funds?			
The principle action we were able to avoid was the gathering of additional capital. Privately held community banks such as ours have found it difficult if nearly impossible to raise capital in this economic environment. Approval for our participation in the CPP has spared us this research and possibly sharing the same fate. As indicated in previous comments, we have leveraged these funds to continue to service the loan needs in our trade areas, provide additional liquidity to further secure the safety and soundness of our bank, increase our reserve for loan losses and hold expectable capital for a potential merger if the opportunity presents itself.			

What actions were y	ou able to take that you	may not have taken	without the capital i	ntusion of CPP funds?	
loan loss reserve to the possible. Thus the CPP to	the same as discussed above degree we accomplished. Thi funds provided us with the ca our bank's safety by providin	s capital injection allowe pital protection necessa	ed us to fund the account ry to absorb this recession	more quickly than would on and continue to service	otherwise been our customers. This

Please describe any other actions that you were able to undertake with the capital infusion of CPP funds.			

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 1505-0222. The time required to complete this information collection is estimated to average 80 hours per response.